

**IL EE Stakeholder Advisory Group
Non-Energy Impacts Working Group**

Wednesday, November 6, 2019

11:00am to 1:00pm

Teleconference Meeting

Attendees and Meeting Notes

Attendees (by webinar)

Celia Johnson, SAG Facilitator

Nick Hromalik, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support

Andrew Cottrell, Applied Energy Group

Erin Daughton, ComEd

Leanne DeMar, Nicor Gas

Nick Dreher, MEEA

Brian Eakin, Navigant

Greg Ehrendreich, MEEA

Jean Gibson, Peoples Gas & North Shore Gas

Kevin Grabner, Navigant

Mary Ellen Guest, Chicago Bungalow Association

Randy Gunn, Navigant

Grace Halbach, Navigant

Hannah Howard, Opinion Dynamics

Katherine Johnson, Johnson Consulting

Monique Leonard, Ameren Illinois

Bruce Liu, Nicor Gas

Karen Lusson, National Consumer Law Center

Anna McCreery, Elevate Energy

Samarth Medakkar, MEEA

Abigail Miner, IL Attorney General's Office

Jessica Minor-Baetens, Navigant

Fernando Morales, Ameren Illinois

Jennifer Morris, ICC Staff

Phil Mosenthal, Optimal Energy, on behalf of IL Attorney General's Office

Chris Neme, Energy Futures Group, representing NRDC

Rob Neumann, Navigant

Theo Okiro, Future Energy Enterprises

Patricia Plympton, Navigant

Alberto Rincon, Future Energy Enterprises

Zach Ross, Opinion Dynamics

Ellen Steiner, Opinion Dynamics

Erin Stitz, Applied Energy Group

Taso Tsiganos, IL Attorney General's Office

Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas

Angie Ziech-Malek, CLEARResult

Chris Vaughn, Nicor Gas

Opening and Introductions

Celia Johnson, SAG Facilitator

Purpose of this meeting:

1. For the Ameren Illinois and ComEd evaluators to jointly present preliminary economic impact study results; and
2. To discuss next steps for annual utility economic impact reports.

Economic Impact Study Results for Ameren Illinois and ComEd 2018 EE Portfolios

Brian Eakin, Navigant and Zach Ross, Opinion Dynamics

Background

- There will be opportunities to improve on this economic impact research.
- There is also work going on right now to get this set up for Nicor Gas.
- There are discussions with PG & NSG to conduct an NEI economic impact analysis.
- Results come from IMPLAN models.
- This was a team effort with Navigant and Opinion Dynamics.
- The Navigant team completed the analysis for Ameren IL, but Opinion Dynamics plugged in all the data from the evaluations, and provided input on designing the methodology.
- High level approach to assess the economic impacts of the EE programs on the Illinois economy. This includes employment, labor income, and demand for products and services within the state. We looked at a statewide basis but also on the impacts within each utility service territory.

Discussion

- Chris Neme: Are you able to review impacts separately for gas and electric?
 - Yes. Our methodology uses a true statewide approach. We looked at and included the impact on gas consumption from the electric programs.
 - The Ameren IL analysis looked at the dual fuel programs, but the analysis does not parse out the differences between gas and electric.
 - Chris Neme: I think it's critically important to be able to say which utility portfolio had what impact.
- Ted Weaver: It's important to include any gas heating penalties associated with gas heat; make sure you are including the savings ComEd is counting towards their goal (therms that are converted to electric savings).
 - Brian Eakin: I believe this is what we have done; will double-check with our team.
 - Zach Ross: For Ameren IL, the inputs are reflecting actual savings produced.
- Ted Weaver: How should the jobs number be interpreted?
 - Each incremental new job would be created over the life of these measures. That is not for example 1,000 jobs today, you are cumulatively accruing these jobs, along with the job's economic impact.
 - Ted Weaver: You are saying that 1,000 new jobs were created by the end of the time period?
 - There are some jobs that are a function of what occurs the first year or near the frontend, and then there are other factors regarding bill savings that happen further in the future, and those are incremental jobs.
 - Chris Neme: I think it's important to include the conservative modeling approach included in these results.

- Economic transactions over the lifetime of the program - both positive impacts and negative impacts.
 - Positive economic impact example = net bill savings
 - Negative economic impact example = bill surcharge
- Karen Lusson: How are you computing the bill surcharge?
 - We include administrative costs and rebate amounts.
 - Phil Mosenthal: You may need to calculate the full bill if it was not amortized.
 - Zach Ross: This is a potential place we could enhance our methodology in the future.
- IMPLAN data is count-specific. It is focused on demand-driven effects. It is a snapshot of the IL economy in a particular year.
 - Phil Mosenthal: The model does not have price elasticity, so it does not reflect any type of change in contractor pricing?
 - Correct. It is assuming there are not those constraints.
- We came up with a weighted number for all household impacts, and did the same thing for income qualified household impacts. There are some differences among those households. For example, where they are spending their money. There is a slightly greater impact on IQ households than others. The same approach in the model is used for businesses. We are converting therm, kWh, and water impacts into dollar values.
- Income qualified impacts – defined as households with an annual income less than \$40k.
 - Chris Neme: This varies county by county; in weighted average, it's likely closer to \$60k. Is it easy to adjust your definition of "income qualified"?
 - There are categories included in IMPLAN, with a range of income. It's fairly straightforward to include another strata of income.
- Karen Lusson: Are you talking about a reduction in revenue due to energy savings, but are you also looking at reductions from collections?
 - We are looking at lost revenue from the utilities, specifically bill savings. This is something that could be refined in the future.
 - Chris Neme: Is it possible to adjust your definition of income qualified for purposes of quantifying impacts? At a minimum I think you need change your approach on IQ.
 - Chris Neme: I struggle to equate that these are the net lost revenues. ComEd is a distribution utility, so a lot of those savings are about generation which ComEd is not paying. And even for those generators there is a cost that is being saved. the utility side there are really no lost revenues since they are made whole.
 - I think there is complexity of cost recovery. If we could break out the costs that are not being addressed that could be interesting to include.
 - Karen Lusson: Don't overcomplicate utility revenues. Between decoupling and other rate impacts, it's likely zero.
 - Chris Neme: True, except for the investment in substations that might not occur and then would be negative, that needs to be accounted for.
 - **Brian Eakin: I don't think it is zero, but I think it is also not the full bill savings. Happy to take this back and think through this, and discuss in a future call.**
- Summary of Data Inputs
 - Chris Neme: The issue we need to further discuss is what are the customer bill savings, what are the utility revenue losses, and how do you model those?
- ComEd Findings
 - These are net jobs, created roughly over the next 25 years.

- 9,314 for ComEd, 9,310 for the state for the next 25 years. Or over the next 30 years if trying to be more conservative.
- Chris Neme: Is this roughly linear or not really?
 - Not really, it is proportional for when bill savings are incurred, so it will likely be front loaded, and then there is degradation of savings.
 - Chris Neme: True, and most measures only last for 10 years.
- Jennifer Morris: Can you provide the breakout of direct jobs, indirect jobs and induced jobs?
 - Yes, we can provide.
- Ameren IL Findings
 - There are less lighting programs in Ameren IL service territory compared to ComEd.
 - There is a difference in economic output for Ameren IL compared to ComEd.
 - Ameren territory created 1,752 jobs and 1,830 jobs statewide. The economic benefit is negative due to the gas difference. But this is also due to customers spending more money outside the state, such as St. Louis, or online due to the rural nature of the service territory (60% in state spending for an Ameren customer, while it is 80% for a ComEd customer).
- Combined Statewide Economic Impacts
 - This could be refined and updated based on additional utilities being included in the analysis.

Next Steps for Economic Impact Studies

Celia Johnson, SAG Facilitator

Questions for Discussion:

1. Will evaluators be responsible for performing or verifying the annual analyses regarding economic development and employment impacts?
2. Is there additional research and/or reporting that should be addressed in Illinois related to economic development and employment impacts?

Discussion

- Chris Neme: This sounds good to me. I think the initial report and methodology might take some time, but it will be easier in preceding years.
- Phil Mosenthal: Does this give us metrics that does not require a new analysis? Such as a job multiplier that we can then apply to new measures.
- Ted Weaver: That's what Nicor has done in the past. We developed three metrics that then spits out a job number for each actual year. I think an annual report might be good, but wonder if there is a simpler process.
 - Chris Neme: I would be fine doing this analysis once each planning cycle.
- Zach Ross: The only danger with a multiplier is accounting for changes in the economy. There is a benefit to completing this type of analysis at some interval of time, if not every year. We are developing the inputs needed to do this at the program level.
 - Phil Mosenthal: Lots of things change year to year, which is why we tend to do regular updates with the plan cycle.
- Chris Neme: This would require program analysis; this study is portfolio analysis. We would be documenting a way to quantify a set of impacts that would be valuable for reporting to the broader public about what EE portfolios are accomplishing.
 - Ted Weaver: This is how Nicor Gas has done this. Planning model has a variety of outputs.

- Samarth Medakkar, MEEA: Is it possible to identify geographic impacts?
 - Are there specific counties that would be of interest? This is a much more detailed (i.e. costly) model.
 - Chris Neme: There is interest in the impacts on economically disadvantaged areas; we should park this for a future conversation.

Next Steps:

- Evaluators will discuss suggestions and questions provided during the meeting, such as economic impact modeling for rates and decoupling, energy capacity, T&D, customer bill savings / utility revenue losses, etc.
- Evaluators to provide the breakout of direct jobs, indirect jobs and induced jobs.
- The next NEI Working Group meeting will include a discussion of potential opportunities to revise economic impact study methods, including the options and benefits of various methods.
- Additional topics for future Working Group discussion:
 - How often should economic impact analysis be completed (annually, once per Plan cycle)?
 - Should geographic impacts be modeled in economically disadvantaged communities?